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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MGO Securities Corp.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1301 E. Ninth St., Suite 1400
(No. and Street)Cleveland
(City)Ohio
(State)44114
(Zip Code)

OFFICIAL USE ONLY

FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jennifer L. Fallows, CPA Controller216-771-4242
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Sustin, Bartell, Waldman & Fergus, Ltd.
(Name - if individual, state last, first, middle name)920 Ohio Savings Plaza, 1801 E. Ninth St., Cleveland Ohio 44114
(Address) (City) (State) (Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

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FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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Vlt 3/8/06

OATH OR AFFIRMATION

I, Michael B. Moskal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MGO Securities Corp., as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Michael B. Moskal

Signature

President

Title

Richard A. Weiss

Notary Public

RICHARD A. WEISS, Attorney
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date.

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

MGO SECURITIES CORP.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

(See Independent Auditor's Report)

MGO SECURITIES CORP.

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SUSTIN, BARTELL, WALDMAN & FERGUS, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
920 Ohio Savings Plaza
1801 East Ninth Street
Cleveland, Ohio 44114-3103

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
MGO Securities Corporation
Cleveland, Ohio

We have audited the accompanying statement of financial condition of MGO Securities Corp. as of December 31, 2005 and 2004, and the related statements of income and retained earnings, cash flows, changes in financial position, and changes in stockholder's equity for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MGO Securities Corp. as of December 31, 2005 and 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

January 20, 2006

Sustin, Bartell, Waldman & Fergus, LTD

MGO SECURITIES CORP.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	\$ 15,000	\$ 15,000
Commissions receivable	<u>44,920</u>	<u>14,693</u>
	<u>\$ 59,920</u>	<u>\$ 29,693</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES		
Payable to parent	\$ 594	\$ 9,069
STOCKHOLDER'S EQUITY		
Common stock, \$1 par value, 500 shares authorized, 100 shares issued and outstanding	100	100
Paid-in surplus	9,900	9,900
Retained earnings	<u>49,326</u>	<u>10,624</u>
Total Stockholder's Equity	<u>59,326</u>	<u>20,624</u>
	<u>\$ 59,920</u>	<u>\$ 29,693</u>

See Independent Auditor's Report

See Notes to the Financial Statements

MGO SECURITIES CORP.
STATEMENT OF INCOME AND RETAINED EARNINGS
 YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
REVENUE		
Commissions	\$ 1,038,139	\$ 953,467
EXPENSES	<u>119,645</u>	<u>89,137</u>
Net Income	918,494	864,330
Beginning Retained Earnings	10,624	25,391
Less: dividends to parent	<u>(879,792)</u>	<u>(879,097)</u>
Ending Retained Earnings	\$ <u><u>49,326</u></u>	\$ <u><u>10,624</u></u>

See Independent Auditor's Report

See Notes to the Financial Statements

MGO SECURITIES CORP.
STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Net Income	\$ 918,494	\$ 864,330
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Increase) decrease in commissions receivable	(30,227)	11,565
Increase (decrease) in payable to parent	<u>(8,475)</u>	<u>3,202</u>
Net Cash Provided by Operating Activities	879,792	879,097
Cash Flows from Financing Activities:		
Dividends to parent	<u>(879,792)</u>	<u>(879,097)</u>
Decrease in Cash	0	0
Cash and Equivalents, Beginning	<u>15,000</u>	<u>15,000</u>
Cash and Equivalents, Ending	\$ <u><u>15,000</u></u>	\$ <u><u>15,000</u></u>

See Independent Auditor's Report

See Notes to the Financial Statements

MGO SECURITIES CORP.

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
SOURCES OF FUNDS		
Net Income	\$ 918,494	\$ 864,330
USES OF FUNDS		
Dividends to parent	<u>(879,792)</u>	<u>(879,097)</u>
Increase (Decrease) in Working Capital	\$ <u>38,702</u>	\$ <u>(14,767)</u>
CHANGES IN THE COMPONENTS OF WORKING CAPITAL ARE SUMMARIZED AS FOLLOWS:		
Increase (decrease) in current assets		
Commissions receivable	\$ 30,227	\$ (11,565)
(Increase) decrease in payable to parent	<u>8,475</u>	<u>(3,202)</u>
Increase (Decrease) in Working Capital	\$ <u>38,702</u>	\$ <u>(14,767)</u>

See Independent Auditor's Report

See Notes to the Financial Statements

MGO SECURITIES CORP.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

YEARS ENDED DECEMBER 31, 2005 AND 2004

	Common Stock	Additional Paid-In Capital	Retained Earnings
	<u> </u>	<u> </u>	<u> </u>
Stockholder's Equity, January 1, 2004	\$ 100	\$ 9,900	\$ 25,391
Net Income			864,330
Dividend paid to parent			<u>(879,097)</u>
Stockholder's Equity, January 1, 2005	100	9,900	10,624
Net Income			918,494
Dividend paid to parent			<u>(879,792)</u>
Stockholder's Equity, December 31, 2005	<u>\$ 100</u>	<u>\$ 9,900</u>	<u>\$ 49,326</u>

See Independent Auditor's Report

See Notes to the Financial Statements

MGO SECURITIES CORP.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 1 - NATURE OF OPERATIONS

MGO Securities Corp. (the Company) was incorporated on October 5, 1994. The Company is a broker-dealer registered with the Securities and Exchange Commission. The Company is a wholly-owned subsidiary of Moskal Gross Orchosky, Inc.

NOTE 2- SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Company prepares its financial statements on the accrual basis of accounting.

Cash – Cash includes monies in checking accounts, change funds, certificates of deposit, and savings accounts. Currently, all monies are in a checking account.

Income Taxes - The Company is a member of an affiliated group, along with its parent company, Moskal Gross Orchosky, Inc., which has elected to file a consolidated federal income tax return. The consolidated return is prepared on the cash method of accounting. Income taxes paid on the consolidated income tax return are immaterial in amount. MGO Securities Corp.'s portion of the income taxes paid would not have a material effect on the financial statements and no provision is included herein.

Stockholder's Equity – The Company periodically declares and pays dividends to its parent company.

Net Capital Requirement and Required Reserve Requirements – The Company's current amount of net capital is \$15,742 and \$11,661 for years ended December 31, 2005 and 2004, respectively. The Company's reserve requirement is \$5,000 pursuant to Title 17, Sec. 240.15c3-1(a)(2)(VI) of the Securities Exchange Act of 1934. See Schedule A.

NOTE 3 – EXPENSE REIMBURSEMENT

The Company reimburses its parent company for certain expenses incurred on its behalf. Total expenses reimbursed amounted to \$109,108 and \$88,103 of which \$594 and \$9,069 is accrued as of December 31, 2005 and 2004, respectively.

NOTE 4 – CONTINGENCIES

The Company is not contingently liable on any contracts or obligations.

NOTE 5 - LITIGATION

The Company is currently not a defendant in any litigation. Furthermore, the Company is not aware of any situation which would result in litigation.

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

SUSTIN, BARTELL, WALDMAN & FERGUS, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
920 Ohio Savings Plaza
1801 East Ninth Street
Cleveland, Ohio 44114-3103

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION REQUIRED BY RULE 17A-5 OF THE SECURITIES AND EXCHANGE COMMISSION

Board of Directors and Stockholders
MGO Securities Corp.
Cleveland, Ohio

We have audited the accompanying financial statements of MGO Securities Corp. as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated January 20, 2006. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule A is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 20, 2006

Austin, Bartell, Waldman & Ferguson, LTD

MGO SECURITIES CORP.

SCHEDULE A - STATEMENT OF NET CAPITAL

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Total Ownership Equity	\$ 59,326	\$ 20,624
Deductions and/or charges Nonallowable assets	<u>(43,584)</u>	<u>(8,963)</u>
Net Capital	\$ <u>15,742</u>	\$ <u>11,661</u>

See Independent Auditor's Report on other Financial Information
